A RAND NOTE

Adjustment for the European Community: Consolidation and Fragmentation in the Coming Decade

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Prepared for the Joint Staff

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PREFACE

RAND is examining new security concepts as part of a research project sponsored by the Joint Staff to determine the appropriate way to size, structure, and deploy U.S. forces in the post-Cold War era. Key to this planning effort are expectations about (1) the sort of world that the United States will face a decade from now and (2) the degree to which global trends will affect important American interests. This Note attempts to look ahead to the changes that are likely to occur in the European Community through the end of the century and to predict their effect on U.S. interests.

The research for the Note was conducted by the International Security and Defense Strategy Program of RAND’s National Defense Research Institute (NDRI), a federally funded research and development center sponsored by the Office of the Secretary of Defense and the Joint Staff. The Note was completed in late 1992.
SUMMARY

The European Community (EC) faces drastically altered prospects as a result of the fundamental changes that have occurred in Europe since 1989. The draft treaties approved at Maastricht in December 1991 call for phased progress toward economic and political union, with key steps to be taken in this decade. Unenthusiastic public support for a process set in motion largely from above and the inevitable changes in EC procedures that will result from the organization's expansion to include new members, however, have decreased if not ruled out the possibility of achieving the Maastricht goals by the end of the century.

During the coming decade, the European Community most likely will develop into a confederation consisting of concentric circles:

- An inner circle of some (but not all) of the 12 present members of the EC, pursuing common policies and actions
- An outer circle of countries on the periphery of the Community, cooperating in looser arrangements

The EC-92 program of market liberalization and deregulation will succeed. Internal compromises may have to be made at the expense of external trading partners, however, leading to protectionism. The 12 will not achieve economic union in this decade. Political union and a common security policy will remain even more distant goals.

The following variables will affect the outcome:

- The degree of growth in the world economy.
- The attitude of Germany.
- The policies of the United States, given its capacity to provide Europeans a sense of security and balance.
- The domestic political and societal adjustment taking place in many European countries now that the Soviet threat, which held old patterns together, has gone the way of the Soviet Union.
This last variable is probably the most potent and unpredictable factor. Over a period of a
decade or more, it could lead to major alterations in the familiar party political structures and
processes among EC members, prospective members, and nonmembers alike.

While undergoing a period of adjustment, the EC will make a difficult partner for the
United States. It will probably act introspectively, and Washington will have greater
difficulty than it has had in the past in pressing its interests with the EC. In particular, the
search for a European security policy and a European defense structure will challenge the
ability of Europeans and Americans to maintain the Atlantic Alliance and NATO.
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1. THE ORIGINAL MODEL

The sudden and rapid changes in Europe since 1989 have radically altered the prospects for the shape and the nature of the European Community (EC). The twin objectives of political liberty and economic prosperity, which the people of the 12 EC countries—Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and United Kingdom—have largely achieved, are now being pursued across the European continent.

Since the overthrow of Soviet communism, the peoples of Eastern Europe have adopted as their model the objectives shared within the EC: a Europe that is stable and secure, democratic and tolerant, economically strong, and politically effective; an Atlantic Europe that is open to the world; and an EC Europe that is ready to bring new members into "an even closer union."¹

The draft treaties on economic and political union, approved by EC leaders at Maastricht in December 1991, reiterate the original objective of European unity contained in the 1957 Treaty of Rome. The Maastricht treaties reflect the long-held European view of the EC as a community of countries—first six, then nine and ten, and now twelve—prepared to gradually transfer significant national governmental powers to EC institutions, including the Council of Ministers, acting by qualified majority vote, the EC Commission in Brussels, the EC Parliament in Strasbourg, and the EC Court in Luxembourg.

Maastricht reiterated and underlined the related objectives of economic and political unity. It also held out the prospect for an eventual common European security policy and, ultimately, a European defense structure, possibly by means of the invigoration of the Western European Union (WEU).

This model was based on the assumption—antedating the end of Soviet hegemony over Eastern Europe—that the 12 members would have the opportunity to build up over time an increasingly close network of relationships among themselves. The process was expected to lead to the gradual transfer to the EC of national competence in economic, political, and even security matters—domains hitherto reserved exclusively for national decisionmaking.

¹See the address of Netherlands Foreign Minister Hans van den Broek at Chatham House, February 27, 1992 (press release of the Netherlands Ministry of Foreign Affairs).
Driven by the imperative of closer economic cooperation to enable them to hold their own in an increasingly competitive world, the EC countries adopted the EC-92 program in 1985. The program encompassed the creation of a market in which, by the end of 1992, people, goods, services, and capital would move freely among the 12 members of the EC.

Subsequently, the 12 decided in Maastricht to move toward a common European currency—the ECU—and a European central bank before the end of the decade, with the implication that EC member countries would transfer significant economic powers to the EC Commission. As a consequence of this approach, national governments expected to lose power over interest rates and monetary policy.

Furthermore, Maastricht held out the prospect of a common foreign policy. The objective was to build on and expand the ability of EC countries to speak with one voice on such issues as Cyprus, apartheid, and the Middle East, in such forums as the United Nations General Assembly. The EC members sought explicitly to turn what was known as European Political Cooperation—a long-standing arrangement of political consultation and occasional common political action by EC members outside the purview of the Treaty of Rome—into an integral part of the EC treaty structure and to extend the political issues on which the EC would speak with one voice and act jointly.

Finally, the draft treaties approved at Maastricht held out the possibility for an eventual common EC security policy. The draft carefully hedged the issue, however. On the one hand, the EC would contribute to European security and develop the ability to act on its own on issues of world peace and security; on the other hand, it would carry out these functions as a European pillar of the Atlantic Alliance, in close coordination with NATO, and thus also with the United States. Maastricht identified the WEU as the organization potentially capable of assuming a European defense role, but declared this prospect to be provisional and subject to review by the EC Council of Ministers prior to the expiration in 1998 of the treaty establishing the WEU.
2. NEW ISSUES

Two political developments suggest, however, that at the turn of the century the EC will not have advanced much beyond its current stage of power sharing and power will remain largely in the EC capitals:

- The impetus for the devolution of power to the EC has come from above; only in 1992 did leaders seek broad popular support.
- The expansion of the EC to accommodate the many new members that want to join will inevitably lead to changes in its structure and nature.

POLITICAL LEGITIMACY

The recent rapid acceleration toward political and economic unity has come almost exclusively from the top. Large European firms, seeking to avoid being left behind in the economic competition with North America and Japan, gave impetus to the EC-92 program of market liberalization. The enthusiasm with which European business leaders embraced the EC-92 project reinforced the disposition of European political leaders to pursue European unity. Growing detente with the Soviet Union, the sudden reunification of Germany, and the collapse of the Soviet empire further contributed to the move toward European unity.

Unity was seen as the fulfillment of the historic European ideal, as a guarantee of peace among ancient rivals, as a road to greater prosperity, as a hedge against instability in Eastern Europe, and as a way to keep Germany—now suddenly the heavyweight in Europe—tied to the Western community of nations. Thus, European leaders found it easy to support the notion of European unity, to chart closer economic and political cooperation among the 12 members of the EC, and to see Maastricht as a milestone on the road toward European unity. A favorable economic climate in the mid-1980s provided additional push toward the objective of unity.

This process, successful and effective as it was, lacked a key ingredient: Only in 1992 did the leaders consult the people of the EC. Not that this was a case of political leadership going against popular will. On the contrary, to the extent that Europeans paid attention, they seemed on the whole to view benignly, accept, and support the process and the objectives of European unity. Moreover, to a smaller country, such as Denmark, the
notion of a multilateral system held the attraction of mitigating the effect of a lopsided relation with larger neighbors.¹

The European Single Act of 1986, which facilitated the execution of the EC-92 program, did not provide an organized, systematic way of inviting popular political participation in or securing popular approval for European unity. Nor did the sporadic, and on the whole ineffective, role of the European Parliament compensate for this "democratic deficit."

After approving the draft treaties in Maastricht, the EC leaders finally consulted the people. Denmark held a referendum on Maastricht in June 1992 and narrowly rejected it. An Irish referendum shortly thereafter approved the treaties. The negative outcome in Denmark led President Francois Mitterrand of France to hold a referendum in September, at which time the French approved Maastricht by the narrowest of margins.

Even before Maastricht, however, political opinion in several EC countries apparently had begun to question both the objectives and the process of European unity. Britain decided at Maastricht not to join the social program of the EC, causing the remaining countries to handle that issue separately. Britain also hesitated to accept treaty provisions for economic and monetary union. Popular reservations have grown in that country since it was forced to abandon the exchange-rate mechanism (ERM) in September 1992. In France, the Rassemblement pour la Republique (RPR) party of former Prime Minister Jacques Chirac perceived a possible loss of French sovereignty in the treaties.

The Germans, in turn, are questioning the wisdom of giving up the deutsche mark for the ecu. Increasingly, one hears the argument that under no circumstance should Germany abandon a tight monetary policy and give up the Bundesbank, the executor of that policy, for the uncertain future of a soft monetary policy carried out by a European central bank subject to the political vagaries of "less disciplined" EC countries. Such sentiments have hardened in the wake of the turbulence surrounding ERM in September 1992 and subsequently.

In smaller countries and in Italy, one finds a growing disposition to move toward a Europe that is decentralized and confederal, rather than federal and centralized in Brussels. In this context, the words "federal" and "confederal" perhaps are being made to carry a heavier burden than their plain meaning would imply. The distinction, however, lies in the so-called principle of subsidiarity, included in the Maastricht texts, to the effect that what can be decided locally or nationally should not be decided in Brussels.

¹See address by Danish Foreign Minister Uffe Ellemann-Jensen before the Mid-Atlantic Club in Washington, March 20, 1992 (press release of the Royal Danish Embassy).
ENLARGED EC MEMBERSHIP

Several countries—Austria, Malta, Cyprus, and Turkey—had applied to join the EC before the political earthquake that liberated Eastern Europe and unified Germany. These applications were made in the expectation that the EC would consider them in due course and, in the case of Turkey, not in the foreseeable future. Subsequent fundamental changes in Europe have intensified the pressures on the EC to take in other new members. The changes will powerfully accelerate the timetable for enlargement.

First, when East Germany became a part of the Federal Republic of Germany, it also became a part of the EC. Sweden and Finland have applied for EC membership, and Sweden has indicated that it is abandoning its traditional neutrality, a policy that had raised persistent questions about the country’s suitability for membership in an organization that has a potential security component. Norway has now also decided to join its Scandinavian neighbors in quest of EC membership. The Swiss government has also applied.2

Poland, Czechoslovakia, and Hungary are explicitly committed to join the EC as soon as conditions permit. Others that may seek membership include the three Baltic countries, Slovenia, quite possibly Croatia and Bosnia-Herzegovina, and even Ukraine, Belarus, and Russia itself.

The wealth and political stability of the EC countries are attracting this growing number of applicants for EC membership. The examples of the Conference on Security and Cooperation in Europe (CSCE), which now counts over 50 member states, and the North Atlantic Cooperation Council (NACC), which consists of ministers from NATO, the Eastern European countries, and most of the members of the Confederation of Independent States (CIS), have given added impetus to the rapid enlargement of the EC.

The EC will try not to be stampeded into growth. However, key European leaders are beginning to realize that the Community will have to expand sooner than they had expected and sooner than some would prefer. At this juncture, European consensus is lacking. Some EC leaders believe that the onrush of new members can and should be slowed to permit the EC to proceed in this decade with the process of “deepening.”

In the view of other knowledgeable officials, however, the EC may soon—perhaps as early as 1995—take in as many as four new members, thus “broadening” as it “deepens.”

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2Swiss membership, once negotiated, must eventually be approved by referendum. The Swiss people, however, do not appear to share their government’s interest in joining the EC. In a referendum held December 6, the Swiss voted against participation in the so-called European Economic Space, suggesting that approval of EC membership is a long way off.
Even in this view, however, the addition of several formerly “neutral” countries—Sweden, Finland, Austria, and perhaps Switzerland—will slow, if not halt, the achievement of a common European security policy.

Quite possibly, however, events may overtake even these projections, and the Baltic and East European countries may press for speedy admission. These countries see the economic benefits of association with the Community—EC Brussels offers the provisional status of associate member, given the fact that these countries have not yet reached the level of economic development that would qualify them for admission as full members—as part of the larger, political objective of visibly belonging to the West.

In a way, the EC contributed to this rush. For years the Community countries have referred to themselves as Europe. The new candidates for membership, many of whom have just emerged from the shadow of Europe’s division, are now making a strong claim to Europeanness. To them the EC is the political symbol of Europe. Membership in the EC is the badge of Europeanness.

In the course of the next decade, therefore, it is possible, even likely, that the EC will change shape as it grows by stages in rapid succession: first, Sweden, Austria, Finland (and perhaps Norway); next, the Baltics, Poland, the Czech and Slovak states, Hungary, and Switzerland (if Swiss voters eventually approve); and finally, Cyprus, Malta, and Turkey. But even before any of these countries formally join, their presence as applicants is already affecting EC decisionmaking. Thus, the EC has already grown de facto.

Such a scenario would radically alter the prospects for European unity. Were the EC to double in size, it would no longer be able to decide issues unanimously. Such growth will require formulas for deciding many issues by majority vote. However, pressures for majority voting will run squarely into reluctance to give up the power to make national decisions on issues regarded as vital. The large European countries will hesitate or refuse to cede national control to majority rule.

Thus, important political issues and most security issues are likely to remain within the domain of national decisionmaking in EC capitals. This split in control will slow, if not halt, further progress toward European political unity and stand in the way of meaningful European unity on issues of peace and security.
3. PROSPECTS

Political changes in Europe since 1989 have overtaken original expectations for the development of the European Community. Members can no longer hope, by the end of the century, to achieve a strong federal community of 14 to 16 members, committed to integration, to pooling economic and political competence, and to operating increasingly by majority vote.

In that no-longer-achievable strong federal community, most if not all of the EC members would have joined the WEU, which by then would have become an arm of the EC, with a planning staff, a command structure, earmarked national forces, and a capacity and readiness to act outside of the NATO area, should the EC so decide. That EC would have coordinated to some extent with NATO, but on the whole it would have maintained considerable independence on issues of peace and security.

Such an EC would have been a true common market, to which aspiring members and other countries would be tied by association agreements. This for the most part open market would nevertheless have demonstrated protectionist tendencies in some economic sectors, especially agriculture, automobiles, electronics, and defense. The larger EC members, particularly Germany, would have been firmly tied into a cohesive EC framework. The European Parliament, growing in stature and importance, would have balanced the strong executive, the Commission in Brussels.

A strong federal community no longer being possible, the EC most likely will develop into a confederation consisting of concentric circles, with the inner circle pursuing common policies and actions and the countries on the periphery cooperating in looser arrangements. Eventually, the EC will have 20 to 25 members or associate members in various stages of association. Many, but not all, will participate in the EC-92 program for market liberalization and freedom of movement of people, goods, services, and capital. Some will work together toward European monetary union, including a common currency, and a monetary regulatory authority, the European central bank.

As a whole, the EC will constitute a free-trade zone, as well as a customs union. Internal compromises may have to be made at the expense of external trading partners, however, leading to protectionism.¹ The EC will make little progress toward political union,

given the unwillingness of major European countries to accept majority voting on issues regarded as touching vital national interests.

Probably fewer than half of EC members will join the WEU, which after the review of 1998 may continue to exist as an open-ended security forum for EC members that want to organize a common defense. The WEU and NATO will consult, but only the latter organization will have an integrated command structure and assigned forces.

Forces from a few other EC countries will augment the French-German Corps. However, except for cases of aggression against an EC member and humanitarian assistance, in which the WEU might act as the security arm of the EC, WEU members will have to rely on ad hoc arrangements to deal with crises in which some members want to deploy their forces in pursuit of a security policy “out of area.”
4. VARIABLES

Prospects for European economic and political union will depend on a complex interplay of factors. Some of these factors—European economic growth, developments in Germany, the U.S. future in Europe, events in Eastern Europe, and European political and societal changes—and their possible effect are discussed below.

ECONOMIC GROWTH

The chances for implementation of the EC-92 program and for progress toward effective economic and monetary union (EMU) will depend on the health of the European economy. If the world and European economies emerge from the current recession, the resulting greater prosperity and political confidence will, by the end of the decade, increase the possibilities for effective and sustained macroeconomic management through the institutions of the EC. Conversely, low growth rates and stagnant economies will hinder further economic unity of the EC countries.¹

The German economy, in particular, will govern relations with the EC and progress toward unity. Current estimates for only 1 percent growth in 1992, for another slight rise in West German inflation from 3.6 percent in 1991 to 3.75 percent in 1992 (East German inflation is seen as easing from 13.6 percent in 1991 to 12 percent in 1992), and a slight increase in unemployment from 5.5 percent in 1991 to 5.8 percent in 1992 are not encouraging.² Although these indicators could improve in the second half of the decade, the need to continue the reintegration of the new Laender into the Federal Republic will continue to strain the German budget, government spending, and fiscal policy.

If the economies of the EC countries continue to lag, only partial implementation of EMU is likely by the turn of the century. To resolve the issue of which countries meet the relatively rigorous economic standards imposed at Maastricht for joining EMU—in March 1992 only Denmark, France, and Luxembourg qualified—EMU will have to begin with just a

¹Some of the most difficult periods in EC development in the early 1970s and early 1980s were times of significant economic dislocation. Harris Research, according to press reports, expects low growth and increasing inflation and unemployment for 1993. See Financial Times, December 2, 1992.

²See International Herald Tribune, April 13, 1992, p. 7. According to the Deutsche Presse Agentur, Helmut Schlesinger, president of the Bundesbank, said on May 6 that the current rate of inflation, which he placed at 4.5 percent, was unacceptable for the longer term. See FBIS-WEU-92-089, p. 9.
few countries or with lowered standards. In such an eventuality, this issue is most likely to be deferred. The prospect for EMU is further darkened by the devaluation of the lira and the pound sterling, with both currencies leaving the ERM in September 1992, and by the devaluation of other European currencies.

GERMANY

The attitude of Germany, the most powerful member of the EC, will strongly influence the future of both economic and political union. The Kohl-Genscher government has explicitly and repeatedly insisted on moving the EC toward European unity as quickly as possible. This policy is rooted in a deep-seated belief that Germany can best deploy its talents and its new strength under cover of the European flag. The policy is driven by underlying concern that without continuing progress toward economic and political union, Europe will “relapse into national, or even nationalist, rivalry.”3 The Social Democrats, the main opposition party, have concurred in this policy.

Two factors could affect the German commitment to European unity: the process of German unification and the realignment of European political parties and politics. German unification will continue to draw financial and political energy eastward. It will also mix the largely unknown political element of 16 million former East Germans into the German body politic.

The 45 years of East and West German separation are now seen to have created significant differences and divisions that will not soon be bridged, let alone eradicated. The East Germans, having emerged from nearly half a century of inextricable association with the Soviet Union and communist regimes in Eastern Europe, view the EC much differently from the rest of the German population.4 Thus, a political question mark hangs over Germany’s future attitude toward the EC.

The erosion of the established political parties, the second factor that could affect Germany’s dealings with the EC, has not reached the point of preventing these parties from governing. However, the upsurge of fringe parties and the growing strength of the environmental movement will change the way political business is conducted.

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These changes could—and there is precedent for this in German history—weaken the current German commitment to European unity. Even today, underlying currents in the main political parties show signs of challenging Chancellor Kohl’s commitment to European unity, as exemplified by the Maastricht agreements. A German popular perception that EC membership imposes unfair burdens on Germany could reinforce this trend.

**THE UNITED STATES**

Europeans want continued and strong American engagement in Europe. For most of the population, this includes the presence of U.S. forces in more than token numbers. The many Eastern Europeans who see the United States as a guarantor of their newly won freedom and independence share this view.

Even after the virtual disappearance of the Soviet military threat, many Western Europeans consider the American military presence not only strategic deterrence, but also proof of the continued willingness of the United States to play a political role in Europe. In fact, a continued U.S. role and military presence in Europe is often thought—but less frequently said—to be desirable to offset the perceived lack of balance in Europe growing from the collapse of the Soviet Union, uncertainty in Eastern Europe, and the unification of Germany.5

After half a century of heavy U.S. involvement on their continent, some Europeans are forgetting Washington’s contribution to Europe’s postwar recovery. But many European leaders still appreciate the U.S. role as the catalyst for both European prosperity and political achievement. Even Social Democrats who for decades tended to undervalue the American role in Europe, and many who openly criticized U.S. security policies, now profess the desirability—indeed the necessity—of a continued and strong U.S. presence.

Even if the EC does not succeed during the next decade in creating the European political union (EPU) envisaged in the Maastricht draft treaty on EPU, and even if, as a consequence, the EC remains without an effective security capability of its own, the U.S. military and political presence will reassure the Europeans. They will remain confident of their ability to meet political and economic challenges as long as Americans are there to help preserve the fabric of European cooperation and to guarantee an orderly way of dealing with political and security issues. Should the United States and the EC drift apart, however, conflict management in Europe is likely to suffer without U.S. participation.6

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5This support would doubtless weaken if the United States were to use forces stationed in Europe to support a foreign policy perceived to conflict with European interests.

6This was one conclusion of a series of gaming exercises conducted by RAND in 1991-1992 as part of its research for Project AIR FORCE.
EASTERN EUROPE

The course of reform in Eastern Europe will materially influence the evolution of the EC. A positive trend of increased democracy and successful privatization will enhance Polish, Hungarian, Czech, and Slovak efforts to join the EC. A negative trend would delay, but not end, these efforts. An unlikely evolution toward serious political instability and economic failure all over Eastern Europe would tend to bring EC members closer together. In any event, Germany will play a crucial role.

POLITICAL AND SOCIETAL ADJUSTMENT

Finally, the changes now taking place in the political systems of most EC members and aspiring members will fundamentally affect the outlook for the EC and, specifically, for European unity. For over 40 years, fear of the Soviet Union helped to keep existing political structures intact. The seeds of major political change had been germinating for decades, however, and the disintegration of the Soviet empire produced the conditions for these seeds to sprout. Since fall 1989, political parties have multiplied in Eastern Europe. Meanwhile, Western Europe is facing the possible fragmentation of established parties and coalitions at the hand of electorates looking for new political approaches, new faces, and new leadership.

In Germany, fringe parties on the right, as well as the Greens and others on the left, have gained at the expense of the three traditional parties. In France, the established parties are losing strength to dissatisfied anti-immigration rightists and the environmentalists. After elections in which new political groups showed considerable strength, Italy has embarked on what may ultimately amount to a wholesale rearrangement of its old political system, with different faces, new parties, and reformed coalitions.

Politics in Belgium has made it increasingly difficult to constitute durable, or effective, government. In the Netherlands, dissatisfaction and boredom with the main parties are again propelling forward a small party—D’66—with a charismatic leader. Spain contemplates its future after a decade of Gonzalez leadership. Scandinavian politics are in flux, with conservative leaders in Sweden and Finland trying where their Social Democratic predecessors failed. With Prime Minister Major’s victory, Britain has to consider the structure of its politics after four successive Labour Party defeats. Paradoxically, recent political crises has also weakened the newly elected Conservative government.

\[7\]After Czechoslovakia breaks up at the end of 1992, the Czech Republic is likely to be all the more eager to join the EC.
These signs suggest that politics in Western Europe may be on the threshold of a fundamental reorganization. Driven by the electorates, parties will readjust from the ground up. Voters will desert the established parties and coalesce around new issues and new leaders. Coalition politics is likely to become more complex and more difficult during this period, though ultimately new patterns and rejuvenated or reorganized parties are likely to emerge.

Thus, the outlook is for further turbulence—turbulence that could be stilled only by a resurgence of the Soviet threat in the form of a bellicose and dangerous Russia. It will be the turbulence of freedom, of diversity. It will be the turbulence of the search for new goals, new societal forms, and new political structures. Through the fate of history, the EC will shape its future not as it had expected, in an orderly and measured process, but rather in the whirlpool of searching for prosperity, security, identity, and purpose. The coming decades will be a period of adjustment.

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8See also the thesis that the future of Europe will not be rooted so much in the political history of the past several centuries as in global trends driven by profound changes in technology, principally those associated with the information revolution. Carl H. Builder and Steven C. Banks, *The Etiology of European Change*, RAND, P-7693, December 1990.
5. IMPLICATIONS FOR THE UNITED STATES

The United States continues to have substantial interests in the future of the European Community:

- The freedom of Europe is vital to the United States.
- European prosperity is linked to American prosperity.
- Democratic institutions in Europe are the bedrock of common values and interests.
- The European Community creates a framework for cooperative, peaceful, and productive relations among its members, large and small.

The European Community, facing a turbulent period of adjustment, will be a difficult partner for the United States. It will spend most of its energy on itself. Moreover, the pressure to deal with Eastern European demands—from prospective member countries, as well as from associate members and others—will leave less room to develop relations with other trading areas, including North America.

Moreover, the need to deal with both the Maastricht agenda and with the pressures for expansion will give the Community an introspective, regional focus. Striking a balance between “deepening” and “broadening” could trigger protectionist tendencies, as the EC searches for compromises on the conflicting claims of its members and associate members.

The U.S.-EC accord on agriculture has opened the door to a successful conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade. Nevertheless, the EC will continue to tend toward protectionist agricultural policies to deal with non-European agricultural imports, as it seeks to accommodate the demands of East European countries for favorable treatment of their agricultural products. The recent reform of the Community Agricultural Policy suggests, however, that the cost of the program might be a mitigating factor.

The search for a European security policy and a European defense structure will challenge the ability of Europeans and Americans to maintain the Atlantic Alliance and an effective NATO. Europeans will continue to want a U.S. presence on the European continent to:
• guard against a resurgent threat from Russia
• provide continued nuclear protection
• protect against unforeseen contingencies
• balance a continent in which the center of political gravity has moved from
  Moscow to Berlin
• facilitate relations among European countries.

However, residual feelings, particularly in France, that the United States sees its role
in Europe as being on a take-it-or-leave-it basis will not go away. Each instance of
Washington flexing its muscle, as it did in the case of Somalia, increases the Europeans’
desires for a security policy that would depend less on American initiative.

The Community’s inability to shape common foreign policies on difficult issues
affecting national interests will continue to hinder its efforts to achieve a common defense
policy. Moreover, Germany, even after it amends its constitution, is likely to pursue a
cautious policy in making its forces available for military action beyond the task of
defending NATO territory. Without effective German participation, the ability of the WEU
to play an effective military role will remain speculative.

Any WEU system of assigned, integrated forces available to carry out EC security
policy is likely to conflict with the policies and programs of the NATO integrated command
structure. The French-German Corps, in its current bilateral or a potentially enlarged
multilateral form, will pose issues of coordination and functions with NATO’s Rapid
Reaction Force. WEU planning will continue to depend on NATO for intelligence and lift.

The “out-of-area” limitation on NATO will fade in practice. As a consequence, both
NATO and the EC will likely become involved if European security is threatened.¹ This
situation will require close coordination to ensure effective action.

In the end, the Europeans will press to strengthen the U.S.-EC relationship, possibly
with a treaty. Several European officials have made informal suggestions to this effect. The
prospect of adaptation and change in Europe, however, calls for caution in seeking to
recodify this relationship any time soon and suggests that a practical, pragmatic approach for
now will have greater utility.

¹This is now happening in the embargo of Yugoslavia; pursuant to Security Council
decisions, both WEU and NATO have deployed naval assets in the Adriatic.